

BARLOWORLD POLICY ON BLACK ECONOMIC EMPOWERMENT IN SOUTH AFRICA

In November 2004 Barloworld established a formal BEE policy. This policy is translated into shorter term objectives ALIGNED TO Barloworld's five-year strategy planning horizon. These are reviewed on an annual basis.

Direct empowerment

Equity ownership

Black employees and previously disadvantaged communities should have an equity stake in our South African business interests. We do and will continue to participate in joint ventures and other commercial arrangements with black enterprises. All equity transactions should be with active managers rather than passive investors. They must also address the development and training of individuals in small enterprises. Equity participation in Barloworld Limited should be by direct investment at market value.

We will:

- Finalise an appropriate BEE structure for the Barloworld group that recognises the leadership role that Barloworld needs to assume, in terms of transformation of the South African economy, ensuring BEE delivers long-term shareholder benefits;
- Promote initiatives aimed at progressing Broad-based Black Economic Empowerment;
- Identify and pursue BEE partners at all levels to either unlock value for the business or preserve current value into the future;
- Choose BEE partners where possible who have both a broad-based ownership structure and can play an appropriate value adding role in our businesses;
- Promote the productive and sustainable participation of black enterprises and black people in Barloworld; and
- Ensure joint ventures or partnership arrangements are meaningfully structured with equitable division of the risks and rewards to each party.

Management

As an international organisation, Barloworld Limited's board must reflect the international nature and composition of its various business units and the geographic regions in which it operates. Likewise, management structures of our regional business units must reflect the democratic of the societies in which we operate. In South Africa and other African regions, targets are in place in all business units to ensure that this objective is achieved.

Human resource development

Skills development and Employment Equity

We undertake to redress race, gender and disability inequalities present among our employee base and to accelerate the normalisation of this position. We will do this through our ongoing commitment to:

- Ensuring that our workforce represents South African demographics in terms of race, gender and disability at all levels;
- Actively driving internal promotion opportunities through structured development programmes and career planning;
- Encouraging the recruitment of black management talent; and
- Incentivising and rewarding senior divisional managers to achieve progress in this area.

Indirect empowerment

Preferential procurement

Barloworld's South African operations' procurement initiative (Barloworld Black Economic Empowerment preferential procurement) aims to:

- Increase our procurement from enterprises that have made significant progress in the area of BEE and are rated as good or satisfactory contributors to BEE, based on the South African Department of Trade and Industry (DTI) balanced scorecard;
- Reduce the cost of goods and services we purchase
- Set affirmative procurement targets for our business units; and
- Monitor and report on our procurement performance.

In conjunction with company-wide procurement initiatives, each business is required to actively pursue BEE procurement initiatives. It is the intention to use DTI-approved, independent rating agencies to rate Barloworld's key suppliers' empowerment status.

Enterprise development

We focus on enterprise development as a means, where appropriate, of increasing our empowerment supplier and customer base. This may entail investment in black-owned and black-empowered enterprises, as well as establishing joint ventures with these enterprises, including the transfer of necessary skills to increase the value of the business. Each division within Barloworld will set and be monitored against their targets.

Residual issues including corporate social investment (CSI)

CSI is an important component of corporate citizenship. Our CSI spend will focus on projects and initiatives that can be replicated with other communities, either with funding from Barloworld or other donors. An underlying principle is that the majority of CSI spend goes towards the intended project and not on administration costs.

We will continue to take a developmental and transformational approach to initiatives that are linked to the upliftment of South Africa's black youth in the areas of education, health, sport, welfare and environmental awareness. The Barloworld Foundation is the main vehicle through which we conduct these activities. Our approach includes the allocation of employees' time and skills, as well as appropriate financial resources.

Auditing and reporting

It is our intention to ensure our South African business units achieve a minimum of 65% in terms of an audited scorecard to enable Barloworld to be classified as a good contributor to BEE.

Source: Annual Reports 2004, 2005 and 2006.